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# FIVE HUNDRED PRACTICAL QUESTIONS IN ECONOMICS

FOR USE IN  
SECONDARY SCHOOLS

BY

A SPECIAL COMMITTEE OF THE  
NEW ENGLAND HISTORY TEACHERS'  
ASSOCIATION

WINTHROP TIRRELL, *Chairman*  
High School of Commerce, Boston

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SARA HENRY STITES  
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D. C. HEATH & CO., PUBLISHERS  
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## PREFACE

This book of problems is the result of an attempt on the part of a committee of the New England History Teachers' Association to do something of a practical nature to make the teaching of economics in secondary schools more profitable and enjoyable to both teacher and pupil.

The problems are arranged in two parts: the first four hundred are grouped under special divisions of economic theory, and are intended for use as these subjects are being studied in the textbook; the remaining one hundred "miscellaneous" problems are intended especially for review work and examinations. Any teacher can, of course, make his own selection of problems, choosing those which seem to him best suited to his particular group of pupils. Most of the problems have been framed or adapted by the members of the committee from their own experience in teaching economics. The problems contributed by Professor Day have already been published in a problem book for college use entitled: *Questions on the Principles of Economics*, by Professor Edmund E. Day and Dr. Joseph S. Davis of Harvard University. These problems are indicated in the text by the letter (D).

In the few other instances in which problems are taken direct from known sources, the fact is indicated by appropriate letters as follows:

(F) indicates Fisher's *Suggested Problems for Teachers*, and (C) indicates *University of Chicago, Outlines of Economics*.

It is the hope of the committee that this collection of problems will help to make the study of economics more vital and interesting to secondary school pupils than it is when pursued from a purely theoretical viewpoint.



# QUESTIONS IN ECONOMICS

## CONSUMPTION

### A. — HUMAN WANTS

#### I. *Classification*

1. Make a list of your wants.
2. Which of these wants must be satisfied if you are to continue in existence?
3. From among the other wants of your list select any which you think you would still feel even if you lived alone, without friends or neighbors.
4. How many of your wants seem to be due to a desire to stand well in the estimation of others?
5. Reasoning along the lines indicated in questions two to four, try to arrange your different wants in two or three groups, with a suitable descriptive heading for each group.

#### II. *Satiability and Variety*

6. Why has a savage fewer wants than a well-to-do dweller in a modern city? As our wants are satisfied are we likely to feel others not hitherto perceived, or is the sum total of wants gradually lessened?
7. What significance to the business man has your answer to the preceding question? When people's want of bicycles seemed satisfied a few years ago, did the firms which had been producing bicycles all have to go out of business?

## B. — UTILITIES

I. *Meaning*

8. Suppose you were shipwrecked and came upon a desert island, would a five dollar bill possess utility for you? Would a loaf of bread? Suppose that there were game on the island but you had no way of capturing it, would it have utility?

II. *Kinds: form, place, time, qualitative, quantitative*

9. Has iron ore any utility when it is first brought from the mines? What new utility does it possess when it has been used in the making of an automobile?

10. Have stones any utility while lying scattered in the field? Can they be made to possess utility? Explain.

11. Mention five articles in which time utility is most prominent.

12. Has wine made last week as much utility as it will have several years hence?

13. When a bushel of potatoes is planted in the ground, will there normally be more or less utility as a result of this proceeding?

III. *Goods — Economic and free; the transitions from one to the other*

14. How does the economist's definition of the word "wealth" differ from the popular usage?

15. "The more things in the nature of wealth a community has, the less prosperous it is." Do you agree? Why or why not? (D)

16. Are the following articles "goods"? Are they "economic" or "free" goods? Air, wheat, forest trees, the steamship Titanic in her present position, sunlight, iron ore in America before its settlement by white men, a doctor's services, hen's eggs, flies, family affection, a trademark?



17. Give two other examples of free and two of economic goods.

#### IV. *The Law of Diminishing Utility*

18. State the law of diminishing utility of goods and illustrate from your own experience.

19. State in your own words what is meant by the term "marginal utility."

20. Discuss the marginal utility theory as it might work out in regard to the food supply of an Arctic explorer, who, on the verge of starvation, is found by a relief expedition.

#### V. *Present Goods vs. Future Goods*

21. If you had a certain amount of money with which to support yourself for the next twenty years, do you think you would divide the sum into twenty equal parts and use one part each year? Why might you not do so, even though there should be no special calls upon your resources in one year more than another? If you needed a coat, would you give as much for one which would be delivered to you next year as for one which would be delivered to you now? Why?

#### VI. *The Law of Demand*

22. Would you like to own the Raphael painting known as the "Sistine Madonna"? If so, does your wish constitute a demand for the picture in the economic sense?

23. If in an isolated community the apple crop amounts to 2000 barrels in 1912 and to 4000 barrels in 1913, assuming that no more intense want for apples is felt by the inhabitants in 1913 than in 1912, what will be likely to happen to the price of apples in 1913 if the whole crop is to be disposed of? Suppose that the same number of barrels is for sale in both years, but that cost of production has been greater in 1913 than in 1912 and that therefore in 1913 the farmers charge

a higher price per barrel. Unless there has been an increase in the want for apples, will the farmers be likely to dispose of their whole crop at the higher price? Formulate a general law expressing the influence of price changes upon the amount of goods purchased.

### VII. *Elastic vs. Inelastic Demand*

24. Is it certain that the doubled apple crop of the preceding question will be sold for half as much per barrel as the earlier crop was sold for?

a. May not some person who in 1912 bought only one barrel, buy two barrels in 1913 if the price is reduced only a little — say twenty-five per cent? Would you say that the demand was more or less elastic in the latter case than in the former?

25. Would a decrease in the price of salt cause an increased amount of that commodity to be used? Would an increase in the price of it lessen the amount consumed? Explain why the decrease in the price of automobiles has more than proportionally increased the number of automobiles used.

26. What is a substitution good? What influence upon the elasticity of demand for a certain good would be exerted by the existence of a substitute? Illustrate.

27. In general are necessities or luxuries the object of more elastic demands? Why?

28. Name certain goods which may be classified as luxuries for some classes of people and necessities for others. Could the demand for them be called elastic or inelastic without reference to the different classes from which the demand might come?

29. Suppose you were the sole producer of a certain good and could put it on the market at any price you liked without danger of being undersold by other producers; how would your decision as to the price you would ask be influenced by the fact that the community is made up of different "income

classes," to some of whom your goods would be a necessity, to others a luxury? Explain and illustrate.

**30.** Should you expect the same grade of broadcloth to sell for the same price in all the retail stores of a given city? Why or why not?

### VIII. *The Law of Variety*

**31.** Have you all the clothes that you could possibly use, so that you would not even desire to have any additional garment given you? If clothing still has any marginal utility to you, why have you not devoted more of your income to the purchase of additional articles? Explain your action in terms of marginal utility.

**32.** Reasoning along the line suggested in the previous question, can you express your conclusions in the form of a general law or statement of the reasons why it is desirable to have a variety of consumption goods?

**33.** What is your opinion of the amount of utilities enjoyed by the ordinary city or suburban dweller compared with the amount enjoyed by isolated inhabitants of a newly settled region where soil and climate are good, and food and clothing and shelter easily obtainable?

### IX. *Causes of Increase or Decrease in Demands*

**34.** Is the constant advertising of Campbell's soups socially desirable?

**35.** The advertising of a certain brand of tea causes a great increase in sales. Does the advertising create a new desire for tea?

**36.** Give examples of the effect upon demand caused by advertising. Can you mention cases where advertising results in the enjoyment of a greater sum of utilities than would have been possessed by the community if there had been no advertising? When may advertising be considered economically undesirable?

37. Give examples of the effect upon demand caused by (a) an increase in prosperity, (b) changes in fashion, (c) accident.

### X. *The Law of Least Social Cost*

38. Granted that the inhabitants of Massachusetts get the same pleasure from eating oranges as from eating apples, and supposing that they could not obtain oranges from other regions, do you think it would be wise for them to produce oranges? Why? The early settlers in Massachusetts enjoyed wheat bread more than corn bread: were they wise in developing wheat culture rather than corn? Even if they got all the wheat bread they wanted, do you think that the sum total of their wealth was as great as though they had eaten corn bread? What is the Law of Least Social Cost?

### C.

#### I. *Productive Consumption and Final Consumption*

39. From the point of view of the effect upon the amount of wealth to be enjoyed by the community in the future, do you see any difference between the sort of consumption of coal involved in heating a dwelling house, and the sort of consumption involved in heating and supplying motive power to a factory?

#### II. *Necessities and Luxuries*

40. Economic goods may be classified as necessities and luxuries. Make a list of goods which you consider necessities in your own case. What is your definition of a "necessity"?

#### III. *Waste vs. Saving*

41. What is your definition of the term "waste"? Is a ten-course dinner wasteful? Might it be considered wasteful to have no dinner at all? Why?

42. "Extravagance when practiced by millionaires is a blessed thing. It causes a freer circulation of money, affords the laboring man work, feeds women and children, and affects in fact every industry, no matter how small." Why do you agree or disagree with this statement?

43. The earthquake in Italy in 1915 destroyed much property and will furnish labor for many men in restoring what has been damaged. Are such events in any sense economically beneficial?

44. From the point of view of the community's economic welfare, do you consider it desirable that some of its richer members should give balls costing \$100,000 each? Why?

45. If the money in question were "saved," would it be kept stored in the house of its owner, or would it probably be left on deposit in the bank? What would the bank do with the money?

46. Suppose the owner of the sum had kept the money in his own possession, — had "hoarded" it, — would he have been more or less of a benefactor to society than if he had spent it on a ball?

47. Suppose the object of expenditure had been beautiful pictures and statues, placed in a gallery to which the public had access, should you consider this a more or less desirable form of consumption than that involved in giving a ball? Why?

48. State exactly what you mean by "saving" as contrasted with "hoarding." What are the benefits to the individual saver and to society? What limitations would you put upon saving, *i.e.* at what point ought an individual to begin to save, and at what point should he stop?

#### IV. *Costs and Standards of Consumption* *by the Household*

49. Why is it desirable to obtain statistics of consumption?

50. What is a household budget?

51. State Engel's Law. What modification of Engel's Law has been observed in the expenditure of American workmen?

52. Find out what percentages of a \$700 income ought to be spent on food, on clothing, on rent, on heat and light; by a family consisting of 5 persons — 2 adults and 3 children — in the larger northeastern cities of the United States. Is there much of the income left for health and education and amusements? What would be the proper scale of expenditures for the same family if the income were \$1200 or more?

53. Find out approximately how much money is spent on alcoholic drinks each year in your state.

54. To what extent is the use of automobiles to be regarded as wasteful?

55. Do you consider that all or part of the wealth spent on moving picture shows is wasted? If so, in what does the waste consist?

56. Make a list of the ways in which food may be wasted.

57. What are the qualities of nourishing food? Is nutritive value invariably proportional to tenderness and flavor? Are the tougher cuts of meat less nourishing than more tender cuts?

58. What would be the effect on the price of meat if other dishes were substituted for it? Is there a waste involved in the exclusion of such dishes from the family bill-of-fare?

59. Is there a waste involved in overeating?

60. Why should every housewife study the science of nutrition?

61. "You are helping to pay for the delivery of the heavier and more bulky articles every time you make a purchase at the 'free delivery' stores whether your purchase is sent or taken with you." Explain.

62. The residents in a certain district of a Massachusetts town coöperate in buying butter and eggs direct from a Vermont producer. The two commodities are sent from

Vermont to one resident in this group, who distributes them to his neighbors. Have they saved the cost of the middleman upon these goods?

**63.** What are the reasons for buying Heinz's pickles in bulk rather than in small bottles?

**64.** If all consumers paid cash for the goods they buy, would this policy have any effect upon the cost of living?

**65.** In what way does a consumer who gets credit at a store and fails to pay his bills injure all other persons buying at that store?

**66.** Find out by inquiry in the markets and elsewhere approximately how much a family of 5 persons could save in a year by buying some of their food supplies in large quantities, *e.g.* butter, lard, ham, bacon, macaroni, rolled oats, canned goods, sugar, flour, winter vegetables.

**67.** What is a municipal market? Is it a desirable institution? Explain.

**68.** What are the advantages of parcel post marketing? Find out what the United States is doing to further this method of marketing.

**69.** What are the economic advantages and disadvantages of the pushcart food market?

**70.** Outline the Pure Food Laws of the United States.

**71.** Outline the Pure Food Laws of your own state.

**72.** Outline the Pure Food Laws of your own town or city.

**73.** What is the "pure textile" movement now being talked about? What is shoddy? Find out all that you can about the adulteration of shoe leather.

**74.** If there is a coöperative store in your state or town, describe its organization and activities.

## PRODUCTION

### A. — ITS NATURE AND DEFINITION

1. Would the building of a war vessel be a production?
2. Is the digging of a ditch production? Explain its utility.
3. Are the following enterprises productive: storage warehouse, parcel post, wireless telegraph, soda fountain, speculative buying of cotton to be held for a rise in price, automobile business, life insurance?

### B. — VALUE

4. Is a pound of gold or a pound of silver more valuable than a pound of flour or a pound of bricks?
5. Does a housekeeper speak correctly when she says, "How much are beets worth this morning?"
6. What is the meaning of a shop window sign, "Value \$5.00; Price, \$2.49"?
7. "The house was worth a thousand dollars more than was paid for it." What does this mean?
8. Give as many reasons as possible why the following articles have a high value: an old violin, a war vessel, a Van Dyke picture, an inlaid mahogany table.
9. Give reasons why a pair of skates is valuable. How would this value be decreased?
10. Can fashion increase the value of an article? Explain.
11. Do precious stones have a marginal utility?
12. It is said that a safety razor is at the present time sold at a large profit. What is the normal value of this commodity?
13. Why does not a bag of flour sell for \$50?



14. A good bicycle now sells for only \$35. Why? A good bicycle once sold for \$150.

15. Why have so many men entered the automobile business?

16. Does the manufacture and sale of cereal substitutes affect the normal value of coffee?

17. Name as many ways as possible in which the word *market* is used.

18. Does a market include more than one city?

19. What modern inventions have changed the extent of the market? Why?

20. What is meant by saying that all the capital a speculator needs is a block of paper and a pencil, and all the knowledge he needs is a knowledge of human nature?

21. Would a grocer be likely to lower the price of sugar at once if he were able to purchase it at wholesale a cent per pound cheaper? Why? Would he be likely to raise it with an increase in the wholesale price?

22. Is it the competition between buyers or between sellers that affects the price of eggs in the one store of a village?

23. What are the disadvantages of haggling?

24. A market man sells eggs this morning at 43 cents. His competitor puts down the price for his eggs, also "strictly fresh," to 41 cents. Why does the second dealer lower his price?

25. In what sense is the term *value* used in the following? (a) "Whiskey is of no permanent value to society." (b) "We offer the biggest values in the city." (c) "The book cost me two dollars, but that does not measure its value." (d) "The floods caused a tremendous destruction of values." (e) "The value of a silver dollar is really only forty cents." (f) "Prices of railway and industrial stocks may still be below values." (D)

26. What determines the value of the unsold patent egg-beaters, 12 gross of which have been produced, if after a few

sales they have been found unsalable and left on the manufacturer's hands?

27. What determines the price of a special doughnut sold at the Woman's Industrial Union? Only one woman knows the secret of making this special kind.

### C. — MARKET VALUE *vs.* NORMAL VALUE

28. Can you think of any reason why the market value or the normal value of the following should change: aeroplanes, telephones, railroad fares, petroleum, roses?

29. A man bought a newspaper for a cent, a box of candy at a fashionable store for a dollar, two theatre tickets for three dollars each, and then remembered that he should have ordered some groceries. Accordingly, he bought a bag of flour for ninety cents, a dozen eggs for fifty cents, and a dozen oranges for forty cents. Discuss the normal and market prices of his purchases.

30. Does the normal value or the market value of a winter overcoat change at the time of the January sales?

31. Write a list of reasons why normal value at a given time might be higher than market value.

32. Two commodities produced at constant cost require for their production equal amounts of the same raw material and equal amounts of the same grade of labor. Would their market values be the same? Their normal values? (D)

33. A certain automobile company recently advertised that one of its cars had traveled 1046 miles using only one gallon of oil. If this firm has discovered the means of using such a small amount of oil, and the other firms are unable to make such a discovery, (provided the company can indefinitely increase its output) will this affect the price of other cars?

34. Two men who kept retail fish stores in different suburbs of a large city bought a quantity of codfish at a wholesale

price of ten cents per pound. One dealer sold the fish to his customers for fifteen cents per pound. The other sold the same grade of fish to his customers for twenty-five cents per pound. Why was there this difference in the retail price? Was either price a normal price or a market price?

## D. — FACTORS IN PRODUCTION

### I. *Nature*

35. Compare the resources of the American country settled by the English with that settled by the Spaniards. How do you account for the success of the one and the failure of the other?

36. Why has Iceland continued prosperous?

37. Give as many examples as possible of the part played by water in production.

38. What is "made land"? How far is it to be considered a contribution of nature?

39. The population of Nevada has about doubled in the past ten years. Why?

40. The New England tanning and leather industry of Brockton and Lynn is meeting with competition from the Middle West. Can you see any reason for this?

41. The packing industry has migrated westward from Cincinnati to Chicago. What cities challenge Chicago's supremacy in this industry? Why? What advantages has Chicago over her rivals?

42. Where is most of the harvesting machinery manufactured? Why?

43. What conditions might cause it to move westward?

44. Name the chief industries of western Pennsylvania. For what industries does this location offer the greatest advantages?

45. Where are the chief flour manufacturing centers in the United States? Explain their location.

46. Do you think that the natural resources of your state are used to their fullest extent? What changes would you advise?

47. Where is the greatest amount of manufacturing in your state? Why is this so?

48. Can you think of any other region in your state in which manufacturing might be carried on?

49. What advantages have the present manufacturing centers over those which you have indicated?

50. What industries are carried on in your city?

51. Look up the history of these establishments. Tell if possible why they were established and why they continue despite competition elsewhere.

52. How might a farmer obtain a crop twice or three times greater than formerly by the use of careful draining, fertilizers, and improved machinery, and still not make anywhere near as large a gain on his total investment?

53. Under which method, then (the improved or the unimproved), will it be best for him to continue?

54. What conditions might convince him that it would be wiser for him to return partly or wholly to the unimproved plan?

55. If a factory owner knew that by installing the latest improved machinery in his factory he could save in motive power, would he under any conditions not put in the new machinery?

56. How does the law of diminishing returns operate to keep most of the coal mines of the Eastern Rocky Mountains unworked?

57. The wastefulness of American farming has been the subject of much comment and discussion. Would it have been less wasteful to use European methods in this country? (C)

## II. *Man*

58. Which of the following are labor: exercise to reduce one's weight; golf playing; serving as a bank director; coaching a football team; painting for love of the art; military service? Define labor. (D)

59. Is the irksomeness of labor inevitable? How, if at all, may it be minimized? (D)

60. Are the following productive laborers: a contractor razing a building; a ticket speculator; a policeman on duty at an amateur baseball game; a grocer; a commission merchant; a professor of fine arts; an examination proctor; a bond salesman; a publisher of sensational falsehoods; an agitator for Socialism; the admiral of a battleship fleet; a lawyer who successfully defends a guilty person; a smuggler of diamonds; a smuggler of Chinese coolies; a politician campaigning for high office; the writer of an advertisement for a harmless patent medicine? Define productive labor. (D)

61. Is all productive labor honorable? legal? Is all unproductive labor dishonorable? illegal? Illustrate and give your reasoning. (D)

62. A college man as a result of playing football developed a fine physique, was helped in controlling his temper, and also had his resourcefulness developed. These assets greatly aided him in later life. Would football be called labor?

63. Is the baseball umpire a laborer?

64. A starter in the subway apparently merely blows a whistle. Is he a laborer? Why?

65. Is a detective a laborer? A pickpocket? Is there any difference?

66. Write down as many occupations as possible which in reality involve a waste of human energy.

67. Some Englishmen object to the donation of libraries by Mr. Carnegie on the ground that an additional expense is thus added in the maintenance of such libraries and that the tax rate is raised. What do you think of this view?

68. What occupation do you intend to follow when you graduate? Why do you choose this occupation?

69. What do you consider your chief qualifications for the successful performance of your duties?

70. In your opinion, what would be the only grounds which would justify your employer in discharging you?

71. Name in order what you consider the most dangerous occupations.

72. Are there any dangerous occupations carried on in your city?

73. Look up the vital statistics in your town or city. Does the death rate exceed the birth rate?

74. Compare with surrounding localities. Compare with cities or towns having about the same population.

75. What are the chief preventive measures of your board of health?

76. If possible, find out the birth rate in various wards. Is it greatest or least in the sections in which there is the most wealth? Why?

77. Do you think that American workmen are superior to foreign born? State your reasons.

78. Why have immigrants come to Massachusetts?

79. What proportion of the inhabitants of your city is foreign born? Reasons for this?

80. Should immigration be restricted?

81. There has been much discussion in favor of restricting immigration by means of an educational test. Is this a fair test of desirability?

82. If peace will remove one of the most serious hindrances to the working of the Malthusian Law, is there any danger of starvation in the future?

83. Is it possible, as is sometimes stated, that our population is no greater than it would have been without immigration? (C)

84. Why cannot farming processes ever reach the minute subdivision of labor that is possible in a manufacturing plant?

85. "Economic productivity is not a matter of piety or merit or deserving, but only of commanding a price. Actors, teachers, preachers, lawyers, all do things that men are content to pay for. So wages may be earned by writing libels against a rival candidate, or by setting fire to a competitor's refinery. The test of economic productivity in a competitive society is the fact of private gain, irrespective of any ethical criteria." — Davenport. Do you agree? In which of the cases above-mentioned, if any, do you find economic productivity?

86. "We need not fear labor competition with Christendom. The readjustment would involve some temporary hardship, but it would be only temporary. But to compete with the wages paid in India, China, and Japan would be impossible. In some cases American wages would fall; in other cases the American manufactures would cease. Wages at three or four dollars a day could not long be kept up in competition with wages at twenty-five, fifty, or even seventy-five cents a day. Oriental wages would rise a little; American wages would fall a great deal." Do you agree?

87. "The inevitable attitude of the hired workman is to favor arrangements that seem to make work and to oppose those that seem to lessen work." Why should this attitude be thought "inevitable"?

88. Would you expect a high development of the division of labor in the following businesses: truck farming; manufacture of jewelry; automobile repairing; carpentering; interior decorating? In each case give your reasons. (D)

89. "The division of labor is limited by the extent of the market." Explain with reference both to the geographical division of labor and to the division of labor among individuals. What other factors may limit the division of labor in any industry? (D)

90. What sorts of gain result from the geographical division of labor? Are there analogous gains in the division of labor among individuals? (D)

91. What advantages of and limitations upon large scale production appear most prominently in the iron and steel manufacture; retail trading; dairy farming; job printing; watch manufacturing? (D)

92. How do you account for the appearance of widely different scales of production, (a) in different industries; (b) within a single industry? (D)

93. What are the limitations upon large scale production in agriculture? in manufacturing? Would you expect the scale of manufacture to be affected by a large increase of graduates from schools of business administration? Would you expect the scale of agriculture to be affected by a large increase of graduates from agricultural colleges? (D)

94. A boy with a talent for technical work is persuaded by his relatives to take a classical education. Is this economic waste?

### III. *Capital*

95. Is all capital wealth? Is all wealth capital?

96. Does the intention of the owner make an article capital or not?

97. Are the following capital: a dog; a wheat field; flour; a workman's lunch; a jail; a fountain pen; a railroad bond; a railroad ticket; an opera singer's talent; coal in a boiler; a five-dollar gold piece; a college dormitory? (D)

98. To what extent and in what manner do the following contribute to the formation of capital: a miser; a savings



bank; government borrowing; a manual training school teacher; a college professor? (D)

**99.** What obstacles hindered the creation of capital in primitive times? What obstacles to-day impede the growth of capital in (a) Mexico; (b) the United States? (D)

**100.** Is the boiler which heats this building capital?

**101.** Make a list of at least twenty-five articles which you consider capital.

**102.** After each article place a "C" if you consider it circulating capital, "F" if you consider it fixed, "Fr." if free, and "S" if specialized.

**103.** Is the ability to play the piano ever capital? The ability to swim?

**104.** What part of a grocery store is fixed capital and what part circulating capital?

**105.** Show all the steps which call for the use of capital from the planting of the grain on the Dakota prairie to the toast as it appears on the breakfast table.

**106.** A few years ago, an Englishman was heard to complain bitterly because the ministry had not appropriated enough money for a number of warships so that men in the dockyards could be busy. He stated that as a result many men were out of work and thus the ministry had caused misery. Was his reasoning correct?

**107.** A congressman of a certain Massachusetts district prides himself that he "made work" for men of his section of the country by influencing the passage of a bill involving thousands of dollars of expense, for the dredging of a certain river. Should he be proud of his record in this particular?

**108.** As a result of the demand for war supplies, buildings formerly used for manufacturing other goods are being used for manufacturing army goods. Should these buildings be considered fixed, circulating, free, or specialized capital?

**109.** "If there were no law of diminishing returns, every farmer would soon become a millionaire by doubling his capital and labor frequently." Comment.

**110.** If a miser saves a can of money and buries it in his cellar, is the gold capital? Suppose after his death a deep cellar is dug and the gold is found and placed in a bank; is the money capital or wealth or both?

**111.** "There can be no identity of interest between the workers who have only their labor power and such men as Rockefeller and Morgan and their stockholders who contribute nothing to production. Labor must fight for what capital now controls, the means of production, tools, machinery, and all of those things which should be controlled by labor alone." Do you agree?

**112.** "He had told the commission of an ideal era of freedom for which labor is striving, which he described as a world in which a big union would control all means of production and in which there should be no such thing as capital." Comment.

**113.** "The capital of this company is \$1,000,000." What does this mean?

**114.** A certain firm which manufactures woolen goods recently heard (Jan. 1916) that one of its rivals had advanced the price of the manufactured article 15%. Accordingly, the firm made a corresponding advance. Is this contrary to the law of supply and demand?

**115.** The phrase "waste of monopoly" has been used by believers in the Competitive System. Can you justify the use of the expression?

**116.** "The modern division of labor sets men free because women or children can now perform the work previously done by them." How are the following affected: the labor market, the community, the woman, the home, the child?

**117.** Why not advise a nation to avoid a war debt by keeping a war chest?

**118.** During the present war, women in the belligerent countries are doing much work formerly done by men. Suppose they become so efficient that they can do the work better by the close of the war than can most men, what will be the effect upon production?

**119.** Thousands of men are being killed by this war. Is it probable that American laborers will migrate to Europe to meet the labor shortage after peace is declared? Why?

**120.** French convalescent soldiers maimed for life and incapable of further service in the field of battle are being taught new trades. Is their labor skilled or unskilled?

#### E. — FORMS OF BUSINESS ORGANIZATION

**121.** The expense of supervision is saved by coöperation in production. What disadvantages may offset this saving?

**122.** The Socialists claim that perfect coöperation could be obtained under their system by dividing the industries of the United States upon a more scientific basis. Do you agree with them? Why or why not?

**123.** Show how the man who acts as the promoter in the building of a municipal ice plant is entitled to the share he is paid on the value of the investment.

**124.** The "credit man" of the Blank Mfg. Co. is paid \$7,000 per year. How does he earn his salary?

**125.** Five shares of railroad stock are owned by an investor. Has he a proportional amount of responsibility for an influence in the management of the business compared with the man who owns one share?

**126.** The modern corporation gives an opportunity for investment to the small investor. Is this opportunity accompanied by disadvantages?

**127.** Was stock watering justified in the following case? A manufacturing company was capitalized at \$300,000. One-half was paid-in capital, the other half water. In five years, the business was paying 7% on the \$300,000.

**128.** Would you expect corporations or partnerships to be the more common in the following businesses: retailing of bonds; truck farming; gold mining; manufacture of explosives; automobile repairing; preparatory school education; ship building; aerial navigation; insurance? (D)

**129.** In what respects has the development of the business corporation been advantageous, in what respects disadvantageous for: (a) the business man; (b) the investor; (c) the community at large? (D)

**130.** Give three possible advantages of combination as distinct from large scale production. Does large scale management necessarily involve large scale production? (D)

**131.** What motives lead most strongly to (a) horizontal combination; (b) vertical combination? To which form of combination is the tendency the stronger? Why? (D)

**132.** There are national banks, state banks, and private banking houses in the United States. Explain the reasons for the existence of these different forms of organization in the banking business.

## EXCHANGE

### A. — TRANSPORTATION

1. In 1913, 10% of the foreign carrying of the United States was done by American vessels. Are American vessels unsuccessful competitors in this business?

2. Explain the benefits that speculation in railroad construction after the Civil War conferred on the country.

3. Was the United States Government justified in aiding the building of the Union Pacific Railroad by land grants?

4. "When a railroad brings artisans to the door of the farmer it is a blessing. When it takes the wheat, the flesh, the corn, and the cotton to a distant manufacturing center, a locomotive is an exhaustor: its smoke is a black flag, and its whistle is the scream of an evil genius." Comment.

5. The taxi rate for a passenger and trunk from the Pennsylvania Railroad station in New York to the Grand Central station; distance one mile, is \$1.00. The rate for a passenger and trunk from Boston to New York by railroad is \$5.25. This distance is 215 miles. Explain.

6. Milk in a certain country town in Massachusetts can be bought for 32 cents per can,  $8\frac{1}{2}$  quarts. The cost of this milk to customers living in a city 12 miles distant is 9 cents per quart. The town is on the railroad that serves the city. Explain the great variation in price.

7. The parcel post is said to have ruined the business of many small express companies. Is this desirable competition?

8. Would the transportation rate from Florida to New York upon a car-load of oranges be higher than upon a car-load of miscellaneous goods? Explain.

9. What method is used by a railroad in determining the rates upon the following articles: coal, United States mail, apples, milk, cattle, express packages?

10. The cost of stopping an engine at a station is \$5. Does this cost affect the charges of this railroad for handling local freight?

11. For which service is the railroad charge greater, for handling a car-load of sand 20 miles or for handling a car-load of furniture the same distance? Which service costs the railroad more?

#### B. — MARKETING GOODS: FOREIGN TRADE

12. When goods are ordered by mail and such orders are filled by mail, in such a process of exchange is there a market involved?

13. There is a shortage of hat stitchers in Philadelphia. Why do not the idle hat stitchers of South Boston respond to the demand?

14. How is the sale of American pork in Germany complicated as compared with its sale in the United States?

15. The movement of labor and capital between nations may be less free than between the sections of a given country. Illustrate from reference to actual conditions.

16. How does the government's regulation of trade affect the movement of the labor supply from Europe to this country?

17. Do these regulations benefit the workmen in this country?

18. Is an "unfavorable balance" of trade to the United States to be regarded with anxiety?

19. How would a Boston leather merchant pay for an invoice of hides from Russia?

20. Is the rate of sterling exchange in New York affected by the European War? Explain.

21. Is the welfare of the United States affected by the Italian wage earners taking their accumulated wages home to Italy at the close of a season? If so, how?

22. Explain how a protective policy aims to equalize the cost of production between Italy and the United States.

23. Under what circumstances might the United States continue to import cheap cotton cloth from China, even if she could produce it more cheaply here?

24. Is the reasoning correct in this speech made in 1909 by a member of Congress? "During the past few years the United States have imported from \$1,000,000 to \$2,000,000 worth of antimony — largely from Japan, Mexico, China, and Labrador. Practically every ton of it is imported, notwithstanding the fact that in ten or twelve of the western states it is found in abundance. I have no doubt that (with a proposed duty on antimony) within twelve months instead of importing all our antimony, we shall produce every pound of it in the United States. We shall have the money and the antimony too."

25. "If we buy rails from England, we get the rails but they get our money; if we buy rails at home, we get the rails, keep our money, and give employment for American labor." Is this sound reasoning?

26. "Wise government will never let a dollar in money go out of the country; for, as every dollar spent by an individual makes him so much poorer, so every dollar paid out by the country makes the first country so much the poorer." Criticize. (F)

27. "We recognize that Americans are annually spending \$200,000,000 in foreign travel. That practically every dollar of this vast sum is lost to the home circulation cannot be disputed." Do you agree? (F)

28. Is the fact that France has capital free to loan to other nations an indication of superior national efficiency?

## C. — MONEY

29. Will paper money serve as well as gold and silver if the government issuing it is a well-established government and there is peace in the country?

30. If a pocket-book containing \$15 were lost, would the wealth of the world be reduced by that sum during the time the pocket-book was lost?

31. During the recent excavations in Rome a large number of ancient Roman gold coins were found in the bed of the Tiber. What function of money did they fulfill while in concealment?

32. With the recognized functions of money as a basis of criticism, discuss the use of tobacco as money in the English colonies.

33. If the Mona Lisa had been permanently lost to the world, how would the money loss have been determined?

34. Is there any economic objection to "high prices" if, in general, individual money incomes are proportionately high?

35. Does the fact that many individuals belong to both the debtor and creditor classes affect the disadvantages to those classes caused by a change in the purchasing power of a dollar?

36. Is it justifiable discrimination to make only certain kinds of money legal tender?

37. What causes the existence in the United States of any "bad money" as defined by Gresham's Law?

38. What determines the purchasing power of a dollar?

39. In 1880 corn was 80 cents per bushel; in 1910 \$1.10 per bushel. Had corn greater food value in 1910 than in 1880?

40. When a business man says "money is scarce," does this statement imply that money metals are scarce?

41. Under what circumstances would the gold deposits in the Atlantic States be worth working?



42. In the colonial days in Massachusetts a colonial tax was to be paid in cattle. What economic principle is illustrated by the fact that the tax was paid in the poorest cattle?

43. There were, in 1913, \$337,923,796 in circulation in United States notes. Are these a part of the national debt?

44. Discuss the value to a community of an extravagant person who spends freely and puts money into circulation.

45. British 3 % consols are cash capital to the Englishman who wishes to engage in sheep raising in Australia. Explain.

46. Why are British consols accepted as gold in all transactions throughout England?

47. Upon what would the successful adoption of bimetallism by the United States depend?

48. Would the value of a greenback be affected by an increase in the demand for gold?

49. Is there one-half as much silver in a half dollar as in a silver dollar?

50. Do the same forces affect the value of the gold bullion and the value of the gold dollar?

51. Is a silver dollar worth one hundred cents or forty-seven cents?

52. "Any commodity in general use will serve passably as a medium of exchange." Can you think of any commodities now in general use in this community of which the statement is not true? What commodities other than gold and silver might serve satisfactorily as mediums of exchange? (D)

53. How should you measure the value of an ounce of gold; your overcoat; a book prized for sentimental reasons; a railroad terminal; a court house; a college stadium? (D)

54. A general rise in prices takes place. What does this indicate as to (a) the price of potatoes; (b) the value of money; (c) a general rise in values? (D)

55. Would gold serve as well for money (a) if it had no value apart from monetary use; (b) if it had but one-tenth of its

present value? Would gold have as much value if it did not serve as money? (D)

56. What is a dollar? Should you say "a dollar bill is a dollar," or "a dollar bill is worth a dollar"? (D)

57. If half the world's stock of money were suddenly to disappear, how would the following be affected: (a) the price level; (b) the value of gold watches; (c) lavish expenditure; (d) general prosperity? How do you measure (a) the quantity of money; (b) the amount of wealth? (D)

58. "If ten times the labor were given to gold mining than is now given, and ten times the gold were thereby got, the world would not be better off." Explain. Is gold mining productive labor? Would your answer be different if gold were used solely for monetary purposes? (D)

59. Does the government fix the value of the gold dollar; the silver dollar; the nickel? (D)

60. Give four historical examples of the working of Gresham's Law. State the law. (D)

61. "Money is a product of evolution, a result of the ages. The better has gradually crowded the poorer out of existence." Can you reconcile this statement with Gresham's Law? (D)

62. Why did fractional silver coins in the United States tend to disappear after 1850? What measures were taken in consequence to regulate our subsidiary coinage? Were all of these measures necessary? Under what circumstances, if any, would the difficulty of the fifties recur? (D)

63. At the close of the Civil War the Federal Government's unfunded debt was more than \$1,000,000,000. In what form did this debt exist?

#### D. — BANKING AND CREDIT

64. A business man's credit is reported "good." Is this standing in business capital to him?

65. How does the Federal Reserve System provide for an automatic inflation and contraction of the currency based upon the demands made by the volume of business in the country?

66. Is the real value of a country's resources affected by inflation of the currency? By contraction?

67. The mediæval barons coined the money and regulated the value of the money to be used on their estates. What are the advantages of the modern method of concentrating all coinage power in the hands of the national sovereign authority?

68. What is the size of the credit reserve of a national bank, the current indebtedness of which is \$400,000?

69. Is there necessarily a close relation between the money value of the transactions of the clearing houses of the country and the volume of legitimate business of the country?

70. The circulation of the state banks was taxed 10% in 1861 by the Federal Government. The tax upon national banks was  $\frac{1}{2}$  of one per cent upon their circulation. Justify the discriminating tax.

71. What are the services of the Federal Reserve banks to the other banks of the country?

72. Is the general benefit of the Federal Reserve banks to the business man of the country as great as the benefit to the banks?

73. "The division of labor has, of course, made modern banking necessary." Explain.

74. Explain those features of the recent Federal Reserve System that tend to prevent the recurrence of a business panic.

75. The working men in 1835 favored hard money and opposed (bank) inflation. Why?

76. Does a general shortage of money affect the ability of a farmer to market his potatoes to advantage if he is willing to sell on a credit basis?

77. Which should be relatively more ample, the borrowing power for a public enterprise or that for a private business undertaking? Reasons.

78. If the supply of an article is increased, how is the value per unit affected? Why? Does the value of the total stock rise or fall? Why? (D)

79. Does credit stimulate or retard truly productive enterprises? What is its effect upon speculative enterprises?

80. Why was the Government issue of "5-20" 6% bonds during the Civil War a popular issue?

81. The public per capita debt in the United States in 1880 was \$38.27; in 1913 it was \$10.83. Give reasons for the decline in per capita debt.

82. "What place among the cities of the world would not a permanent American debt of \$4,000,000,000 give New York?" Explain.

83. Cities have no business to create floating debts. Explain.

84. If the public has perfect confidence in the United States' ability to redeem its paper money in gold, may she issue an indefinite amount of paper?

85. What would be the effect upon wages if the public lost confidence in the Government's ability to redeem its paper with gold?

86. How would prices of staples be affected, if at all, by this lack of confidence?

87. How are the debtor and creditor classes affected by a rise in the value of gold?

88. At the time of resumption of specie payment, in 1879, by the United States Government, why was the gold provided for redemption of paper currency not all required?

89. South American countries usually are obliged to pay 5% or 6% interest on loans, whereas the United States can borrow money at 2% or 3%. Why is this so?

90. Illustrate the use of a bill of exchange in the purchase of 1000 pounds of cotton goods from J. B. & Company of Manchester, England, by the U. S. Company of New York City. (D)

91. What determines how widely the rates of sterling exchange may fluctuate? How, if at all, will the possible range of fluctuation be affected by a general European war?

92. A New York company sells a large shipment of oil to a railroad company in India. How might payment be effected through London? (D)

93. How should you expect the rate of sterling exchange in New York to be affected by (a) a financial panic in New York city; (b) a failure of American wheat crop; (c) a great increase in American gold output; (d) the development of an American merchant marine; (e) a general European war? (D)

#### E. — TARIFF AND INSURANCE

94. Does a free trade or tariff policy affect our foreign labor supply together with other commodities?

95. Is it true that our tariff duties must never be reduced below the point that will cover the difference between the labor cost here and abroad?

96. "The tariff never made a trust and free trade never will destroy one." Discuss.

97. Is the assertion true that there is a gain to a country from an industry springing up because of a protective tariff and supplying a commodity which was formerly imported?

98. Thomas B. Reed once replied to the statement that Harrison's administration was spending a billion dollars by saying that this was a billion dollar country. His opponent replied that the billion dollars which the Government had to spend came as a result of the tariff and that the influx into the treasury of so much money led to extravagance and unnecessary expenditure. Why is a revenue from a tariff conducive to extravagance?

99. Does a protective tariff on manufactures help the home producer of food products? If so, how?

100. Under the tariff revision of 1913, potatoes were placed on the free list. Would this fact logically or probably result in the formation of a potato trust by the Maine and Nova Scotia potato growers?

2 101. What factors lead to the export of cotton from the United States; cotton goods from England; toys from Germany; tea from China; agricultural implements from the United States? (D)

102. If workmen universally insisted on higher rates of pay in hazardous employments, would there be occasion for compulsory insurance against accidents? (D)

103. What is the nature of insurance? To what extent does insurance tend to prevent the occurrence of the event insured against? May it ever increase the probability of such occurrence? (D)

3 104. Should the United States adopt free trade, would she be threatened with a continued underselling in all goods by Oriental producers? (D)

4 105. What special arguments are there for and against a policy of protection for England to-day? (D)

106. "The principle of protection is to build up our home industries by manufacturing our own products. This gives our people employment, keeps the money in the country, and makes this country an independent and self-reliant nation." Wherein are these arguments valid? Wherein invalid? Give your reasons. (D)

5 107. In what manner and through what process does the imposition of a protective tariff tend to affect (a) truck farmers; (b) other farmers; (c) the extent of employment? (D)

6 108. "When we buy manufactured goods abroad, we get the goods and the foreigner gets the money. When we buy the manufactured goods at home, we get both the goods and the money." Criticize. (C)

## DISTRIBUTION

### A. — SHARES

The manufacture of corn brooms is a very simple one so that a man working by himself can make them in his own house, but from this simple beginning we may construct a complicated system. We will suppose the following cases:

✓ 1. Four men decide to meet at one house and divide the work in such a way that each will confine himself to one operation, all being of equal difficulty. No one makes a complete broom, but all working together make 28 brooms. How shall they be divided?

✓ 2. Suppose one man becomes so much more efficient than the others that he is able to furnish his share of the process for six other workers instead of three. Assuming that the skill of the others remains the same, how many brooms ought the seven to produce and what should the share of the superior workman be?

3. Suppose one man is unable to keep up with the others so that they have to stop occasionally and help him; how will they adjust his share? What is the smallest share he will accept and still continue working with them?

4. It is observed that they are not able to get the full benefit of their system of subdivision because of lack of room or of other conveniences. It is then discovered that an empty barn is available where they can plan the work so well that an increase of ten per cent is easily made over what they were able to make before. How many brooms should they give to the owner of the barn for every hundred they make? What name should be applied to this share?

5. Assuming that a sufficient number of men are now associated together so that all are working to the best advantage and all the adjustments of shares have been satisfactorily settled, suppose that a machine can be used in certain parts of the work so that with no more expenditure of labor, ten per cent more brooms are produced than by the laborers alone. How many brooms should the owner of the machine receive? What factor in production is the machine? What will you call the amount paid for its use?

6. Is the promoter's return for organizing a trust unfair because an unearned income?

7. In some parts of the country, manufacturing plants which have outlived their usefulness are being revived for the manufacture of war munitions. These naturally attract men from other lines of work. Is this an economic benefit?

### B. — RENT

Some years ago the mayor of Detroit proposed that vacant lots in towns and cities should be lent to the deserving poor so that they might plant potatoes. It is probably true that in every town there are many lots which the owners would be willing to have cultivated provided they could be assured that the lots would be delivered to them when wanted and without having suffered any injury.

8. A man who is not a landowner wishes to raise potatoes. He can get the use of a number of vacant house-lots for nothing, but it will cost him something to get them ready and fertilize them sufficiently to raise a crop. On the other hand, he can get the use of a suitable tract on which it will not be necessary to use fertilizer, but the owner of this tract demands payment for its use. How much can reasonably be paid for the use of the better land?

9. Will the man who raises potatoes on rented land charge more for them than the man who raises them on vacant lots?



10. There are four tracts of land. The first yields 15 bushels to the acre; the second, 20 bushels; the third, 25 bushels; and the fourth, 30 bushels. If wheat is worth ninety cents a bushel at the farm, what differential rent should be paid on each tract?

11. Suppose the four tracts are equally productive but are so situated that it costs the value of one bushel per acre to get the grain to market from the first tract; the value of two bushels to get the crop to market from the second tract, and so on. The wheat in the market is worth a dollar a bushel. What will be the differential rent in each case?

12. If the demand for wheat increases so far that land at present under cultivation will not supply the demand, how will this affect the price of wheat? How will it affect the value of land used for the cultivation of wheat? Obviously poorer or more distant land will have to be cultivated in order to supply the demand. Will this have any effect on the rent of land which is already cultivated?

13. In the course of time a town or city may grow up on a farm. Is it wise to put buildings on fertile soil which would raise large crops? Why?

14. After the town is established it is discovered that of two stores exactly alike in every respect except location, the one at the junction of two important streets has a much larger trade than the other, so that the net earnings of that store are a thousand dollars a year more than the earnings of the other. How much more rent can the proprietor of the more profitable store afford to pay than the proprietor of the other?

15. In the above case did the owner of the better store contribute in any way to the land so as to make his store worth more than the other?

16. The Duke of Bedford recently sold for a very large sum a tract of land in London which one of his ancestors bought for an insignificant amount. Do you think that this increase in value belonged to some one else and, if so, to whom?

17. Henry George thought that all taxes should be placed on land. This would bring the unearned increase in land value into the public treasury in the form of taxes. It would also make it very expensive to hold land which did not yield an income of some kind. What are some of the things to be said in favor of, and against this plan?

18. The rentals from a New York office building amount to \$50,000 a year. The building is worth \$200,000. To provide for insurance, depreciation and such fixed items, \$10,000 is expended annually. The current rate of interest upon investments of equal security is 5%, what is the value of the land?

19. "The effect of high prices for land and high rents is apparent. Industries will be slow to locate in Pittsburgh if rents or prices of land are higher than in other cities. A higher rent or interest on the higher price of land bought for building, will be a constant charge on cost of operation. Consequently, industries will tend to shun a city where this higher cost is incurred." Do you think this consequence will ensue?

20. Is this true? "Public improvements and efficient public service increase site-value only, therefore site-value should pay for them." Explain.

21. A certain newspaper in an issue of January, 1915, relates that a millionaire had contributed \$50,000 toward a small college in his home town. The town had a celebration in honor of the benefactor who had "done something" for the town and college. One man objected and spoke as follows: "Can't these well-meaning idiots see that this town gave Bill his millions just by wearing out their shoe-leather walking by his lots? What would his land be worth if it were five miles out of town? Yet when he comes across with a measly \$50,000 there is a regular Thanksgiving Day." Is there any justice in these remarks? How would the objector probably desire to remedy conditions?

**22.** What did the writer of this statement probably mean? "A rich land-value owner may be kindly, temperate and law-biding and still be a worse menace to the community than a boxcarful of tramps."

**23.** A Boston manufacturer is quoted as saying: "Now is the time to get ready to hold the world markets against European competition. European manufacturers face heavy war taxes. If American producers can have their plants exempted from taxation, it will help more than a protective tariff." What kind of a tax would this man probably desire?

**24.** "As an extremity, the land-value tax may be used to pay the war debt. This tax cannot be shifted to the consumer of products, hence it does not oppress industry. It is no more burdensome than the present rent charges paid by the industrious to their landlords. In fact, rents would be stimulated, and the worker get a larger share of his product." Is this true? Explain.

**25.** "Land values are socially created values, and they are now privately appropriated by paupers in silken gowns — people who are pauperizing on you and every other citizen who produces anything at any process of production or exchange." How would the writer create a better tax?

**26.** "The whole purpose of site-tax is not merely to raise taxes, but taxing land values only, would encourage enterprise and would at the same time force idle land into use." Do you believe this?

**27.** Is the best land always utilized first? Did the Jamestown colonists cultivate the best soils in America? Did they cultivate at the outset the best land in Jamestown? (C)

**28.** In 1820 land in Ohio sold for \$2 or less per acre. To-day some of this land produces less corn per acre than in 1820, yet its price is \$100 or more per acre. Explain the advance. (C)

X 29. "Our prices are low because we do not have to pay high rent." "The prices of the commodities sold on the more expensive sites are not higher." Can you reconcile these two statements? If so, how? If not, which is correct, and why? (D)

#### B. — WAGES

X 30. Suppose it could be determined that the share of a workman in the product of a mill is two hundred yards of cloth a month. The owner of the mill then says to him, "I will undertake to sell this cloth for you but I do not know what I can get for it: besides that I shall have to wait three months for the money and yet you wish me to pay you at once what I think it will bring." What charges should be allowed for doing this business?

31. After the bargain has been made and the amount of money agreed upon, general prices may go up. How will this change affect the purchasing power of the workman's wages?

32. Since the employer is constantly striving to protect himself against loss, and the workman is constantly striving to get a little more of what he thinks the employer is unjustly withholding, what is likely to be their attitude toward each other? Do the employer and the workman discuss the relative value of the work in the final product?

33. What is the relative advantage of the employer and the workman when it comes to making this bargain? What advantage does the "collective bargain" give the workman? Illustrate.

• 34. What is the present agency used by the workmen to enforce the collective bargain or at least to make it effective?

• 35. What general services does the labor union render?

• 36. What is a strike? Is it in itself a benefit or an evil? Show how employer and workmen are affected by the strike.

37. Leaving out all lawlessness, what losses are inevitable in a strike? Illustrate by examples how different interests are affected.

• 38. A labor agitator said of a building which had just been completed: "That building is wholly the product of labor." What do you think of that statement?

39. Is there a definite system for settling labor troubles in your state?

• 40. What are some of the methods of paying workmen which are intended to lessen the feeling of hostility between employer and employee?

41. To what extent do the laws of your state protect the interests of the workmen?

42. Can a strong trade union keep up the price of an article by limiting the output?

43. To-day labor says, "I can do with my own as I like and if I want to stop work, that is my business." Do you agree?

44. Plumbers' wages are rising. Will this rise be met by an influx of men from other trades, and if so, will the rate of wages fall or will the equilibrium be restored by maintaining a high rate of wages and allowing the individual plumber to be idle a part of the time, either by reducing the hours of labor or laying him off?

45. An Englishman in America fills a twenty-five dollar a week position. In England he receives the same wage. What truth would there be in the statement of this Englishman that he received a larger salary in England than he received in America?

46. Women teachers in New York City occupying similar positions to men are paid similar salaries. Give reasons for and against such payment.

47. Compare the wages of a teamster in Alaska at the time of the gold boom, with the wages of a teamster in Japan, in New York, in Liverpool during the present European War.

• 48. The fact that men who are convicts are taught a trade and frequently produce articles which are sold to the public, has caused unfavorable comment because it is felt by some, that such work must interfere with the work of laborers who are in the outside world. Is there ground for complaint? Explain.

(a) Is such competition injurious to the man outside in the same trade? (b) Is it injurious to the community as a whole?

49. "The working class is the only class entitled to any consideration, and, as I have said, I believe any tactics that will accomplish our purpose are right." Is this so?

50. The greatest obstacle to American leadership in foreign trade is high American wages. Are such wages a real obstacle? If so, are they objectionable?

51. Is there essential opposition between "Scientific Management" and the interests of organized labor?

52. Are there any industries in which strikes should be prohibited by law?

53. The construction of a college library was delayed several months because of a sympathetic strike called on account of dissatisfaction of other workmen in a related trade, against an employer in a distant city. Upon what grounds, if any, was this action justifiable?

• 54. A large machine-tool factory insists on keeping its establishment an "open shop." What reasons can you give for or against this policy.

55. The plumbers' union admits to membership only those who have served a term of apprenticeship. Why? Is this policy desirable?

56. "The annual influx of students and other outsiders into the fruit belt to engage in fruit picking and packing is an abuse that should be stopped at once. These people consume very little, saving their money to take back to Chicago or the other places from which they come. Thus, while making

large sums off us, they give little or nothing to the support of our industries." Criticize. (F)

57. A member of a wealthy family takes up the occupation of interior decorator in order to satisfy a desire for definite employment. Does this injure those who rely on this occupation for means of subsistence? Does it injure working people in general? (C)

58. Why should wages paid to subway laborers be called "advances"? Are all wages advances in the same sense? (D)

59. The workers in the Anthracite Coal Region make a list of ten demands. Demand 6 reads: "We demand that no contract miner shall be permitted to have more than one working place." The operators in a circular published Feb. 5, 1916, discussed their demands and said, "This demand is apparently intended to limit the earning capacity of the more efficient miner, who, in reality, acts in the capacity of a general contractor. We believe that any individual who . . . is able to increase his earnings, should . . . not (be) fettered by rules and regulations to the contrary." Which side is right?

60. In discussing the demands of the miners the operators show that the recognition of the "closed shop" involves the "check-off" which means the compulsory collection by the operators of such dues, assessments, fines, etc., as may be assessed against miners by union officials." "The contention that a majority of employees, by voluntarily forming a union, acquire authority over others is untenable." What would be the probable argument of the miners?

61. Which should you expect to be the more highly paid and why:

- (a) A street-car conductor or motorman?
- (b) A surface-car motorman or a subway motorman?
- (c) A day-school teacher or a boarding-school teacher?
- (d) A steeple-jack or a house painter?
- (e) A cotton-factory operative or a department-store clerk? (D)

## C. — INTEREST

- 62. Can interest be paid without deducting from other factors of production? Must it be paid in order that labor may have the use of capital?
- 63. In a very simple community where each member subsists on the product of his own labor (hunting, fishing, farming) suppose some person invents an improvement in method (implement, weapon, canoe) whereby it becomes possible to increase the output. What self-denial must he practice to produce the implement?
- 64. If his neighbors use the implement, will it be sufficient if they make good to him the loss of fish, game, or other food which he suffered while making the implement? In other words, might they take his implement for their own use and support him while he makes another for himself? Will it be necessary for them to pay him more than the cost of replacement in order to induce him to make the sacrifice?
- 65. What inducements will cause the other members of the community to pay for the use of the new invention?
- 66. A man in the community has saved a supply of food for a feast which he wishes to give to his friends. Another member of the community also wishes to give a feast but he has not saved up a stock of food. He comes to the first man and seeks to borrow his food. What must he offer more than the mere return of a like amount later, in order to induce the owner of the food-supply to part with it and thus lose the enjoyment of the feast?
- 67. Upon what considerations will the inclination to save depend?
- 68. If a community is very generally given to storing up a surplus, what effect will this fact have on the bonus that a borrower will have to pay for the use of it? In other words, how will it affect the rate of interest?



69. If there is doubt as to the borrower's ability or willingness to repay the loan, what effect will this have on the bonus he will be expected to pay?

70. Compare the amount paid for Turkish bonds with the amount paid for United States bonds of the same face value.

- 71. When money can be obtained in New England for  $5\frac{1}{2}\%$  on real estate mortgages,  $8\%$  is commonly paid in Florida. Explain.

72. If you had money to invest would you invest it in Florida or in your own neighborhood?

73. What does it mean to say "The money rate is an index of trade conditions"?

- 74. Mediæval theory in regard to interest was that no money could be taken for the use of money unless some risk was involved. • Does the person who receives interest at the present time run any risk? Give four illustrations in order to prove your statement.

- 75. How far, if at all, is the income derived from the following to be called interest: an apartment block; a pawnbroker's loan; a United States  $2\%$  bond; a Pennsylvania Railroad bond; a piano; an automobile truck? (D)

76. How would the demand for capital be affected by (a) the discovery of a large supply of cheap fuel; (b) a rigid restriction of immigration; *e.g.* by the literacy test; (c) a general European war? (D)

- 77. "I am willing to concede that interest ought to be paid to a man who saves out of a small income by self-denial, but I have no patience with the paying of interest to a capitalist whose accumulations have cost him no sacrifice." Do you agree? Can a distinction between the two be made practically? (D)

#### D. — PROFITS

- 78. There are four manufacturers of shoes in a town. A very careful estimate which includes an amount paid to the

proprietor equal to a fair salary, makes the cost to the first proprietor \$2.50 a pair; to the second, \$2.40 a pair; to the third, \$2.30; and to the fourth, \$2.20. Will there be any difference in the selling price provided the shoes are exactly equal in quality? Make a diagram showing the relative profits.

79. Is the amount which any manufacturer receives as profits taken out of the wages paid the men? In other words, are wages less than they would be if no profits were paid?

80. There is a patented duplicating device now on the market which can be made and sold by only one concern. A part of the agreement entered into by the purchaser is that only ink supplied by the company shall be used on the machine. This ink is sold at two dollars a pound and the cost of manufacture is probably less than fifty cents a pound. If the process of manufacture is essentially the same as for other inks will the company pay the workmen higher wages than other ink-makers pay?

81. Since the customer must buy his ink of this concern or go without, why does not the company charge five dollars a pound and thus increase its profits?

82. If the statements in 80 were printed in a book with the name of the company and its products, would the company's business be injured in any way, since no one else could go into the business of supplying ink? In other words, is a monopoly likely to object to having the facts about its profits known to the public?

83. Make a list of the monopolies you happen to know about and their origin.

84. What enemy do you think monopoly most fears, the substitution of something else, the resolve of the community to do without the article rather than pay the monopoly price, or the interference of law?

85. A real estate firm buys an undeveloped piece of land near a large city for \$10,000. It spends \$5000 for improving

and advertising this land. It then sells the land in small lots for \$50,000. Is the \$35,000 thus gained to be classed as profits?

● 86. In problem 85 the owner of an adjoining piece of property finds that his land has doubled in value. Is this gain a true profit to him? Give reasons for your answer.

## MISCELLANEOUS

1. Do disturbed political conditions in Mexico tend to invite speculative investment or prevent it? Why or why not?

2. A firm manufacturing fertilizers allows a certain farmer who acts as their agent a special profit of 12 % to act as their agent only. If the other consumers apparently pay no higher price for their goods is this fee justifiable?

3. Why may the parcel post be a financial Government success without that fact proving the wisdom of the Government's undertaking ownership of a merchant marine?

4. A woman acts as clerk in a Massachusetts country store, at a wage of \$3 per week. She is not obliged to pay board at home. Has her acceptance of this less than "living wage" any effect upon the general labor market?

5. The tax rate in a country town in Massachusetts is \$5; a city 15 miles distant has a tax rate of \$18.10. Explain the bearing of these facts upon the streets, salaries of public officials, schools, tax-dodging.

6. Which is more valuable to the community, the capable business man who takes no interest in public affairs or the public-spirited citizen who manages his business ably but devotes himself to community welfare movements?

7. A maker of rifles was given a bonus of \$25 on each rifle furnished to the Confederates during the Civil War. Was this profit earned?

8. Why does the city of New York spend millions annually for snow removal when some other cities spend nothing?

9. A man who had been saving for several years was recently heard to complain bitterly against the income tax

because he said that his neighbor, who had not saved, had received a good time from spending money whereas he (the man who had saved) was rewarded only by having his income taxed. Has the man who saved a real grievance?

10. If an individual workman is benefited by the efforts of the labor union do you think he ought to be compelled to join the union? What is the union view? The view of the non-union worker?

11. Should you favor a tax of one per cent of the market value on all transfers of corporation securities? (D)

12. Capital has been variously characterized as (a) "inchoate wealth"; (b) "congealed labor"; (c) "intermediate goods"; (d) "produced means of production"; (e) "future goods." In what sense is each an apt description? Which is preferable? (D)

13. Why should United States export gold when it has a favorable balance of trade?

14. How, if at all, is the value of money affected by: (a) a greatly increased demand for gold ornaments; (b) an increased division of labor; (c) lavish expenditure; (d) the growth of mail order houses; *e.g.* Sears, Roebuck & Company; (e) an increased rapidity of circulation of goods; (f) a decreased hoarding of specie? (D)

15. When prices are rising how are the following affected: debtors; farmers; factory operatives; manufacturers; owners of gold mines; bond holders; stockholders; interest rates? (D)

16. Why do banks loan money on call at low rates?

17. Owing to the closing of English ports (during the war) to products formerly produced in Germany, a number of new industries have sprung up in England. What effect might this condition be expected to have upon the tariff history of England? Would you expect the same result under similar circumstances in the United States?

18. Granting that more satisfaction is often derived from the second hearing of an opera than from the first, and from

the fifth olive than the first, are these cases exceptions to the tendency to diminishing utility? (D)

19. List some goods in respect to which the point of satiety tends to be reached most rapidly, (a) in your own case; (b) in the case of society at large. (D)

20. On March 23, 1916, "Bar silver and Mexican silver dollars attained their highest quotation since the beginning of the European War." Account for this increase in value.

21. "At the last session of the State Legislature, a law was passed making it obligatory to use Minnesota stone in Minnesota public buildings. The men who are engaged in the granite industry regard this as a just law." Do you?

22. The Federal Trade Commission reported in March 1916 that the price of gasoline will go no higher for two reasons. "One is that substitutes for gasoline are now being introduced very fast, and people are learning to use both gasoline and kerosene in motor cars and other internal combustion engines." Does this agree with the theory of normal value and market value? What would you think the second reason might be?

23. What two interpretations may be given the statement, "The demand for gasoline has greatly increased." Define demand. (D)

24. Should you expect the demand for the following to be elastic or inelastic: Diamonds; salt; pepper; hair cuts; ink; tennis balls; playing cards; automobiles? Define elasticity of demand. (D)

25. The United States Trade Commission recently found that the oil pipe lines were charging three times as much as they needed to charge in order to insure a fair profit and that they made a minimum requirement of 25,000 barrels a day before they would take on a customer. Has the Government any just cause for interference?

26. If the safety razor concern makes its market price very high, has the Government a right to interfere?

27. Suppose in the above example the razor concern used a different kind of steel from that designated in its patent, could the Government then interfere?

28. Who pays the tax on buildings, the owner or the tenant? (If the tax rate of a city is raised 50 cents on \$1000, does this mean a corresponding increase in the amount paid by the tenant?)

29. Why does a manufacturing concern often continue the operation of its plant even when it realizes that it is over-producing?

30. The Boston Elevated Railroad finds it difficult to discharge its employees against the wishes of their union. Is this a desirable condition from the viewpoint of the union, the company, the passengers?

31. "I am yet unable to understand how it happens, with our export of flour stopped, that the price to local consumers is still going up." (From a speech made soon after the outbreak of the European War.) What explanations can you offer? (D)

32. What is meant by "dealing in futures"? How does "dealing in futures" tend to affect: (a) the price of wheat for the farmer; (b) the profits of the miller; (c) the price of flour to the consumer? (D)

33. "If labor, by destructive tactics, stops the wheels of progress, the people will be aroused, and means will be found to retain the good features of organized labor and eliminate the bad." What might be considered destructive tactics?

34. "Railroad men have a moral obligation to remain at work, and keep the railroads running, pending a settlement of grievances." Discuss.

35. "There are 30,000,000 workingmen in the United States to-day and they tell us that an eight-hour day will hurt the public. They also say that if there is an eight-hour day at least 7,400,000 more laborers will be needed. Well, and if so, there are more than 5,000,000 in what is called the

great army of the unemployed, who would all be given jobs in that case. But we must not stop at eight hours. We must demand seven, then six, and then five and so on until a just working day is reached." Discuss.

**36.** Distinguish market value and normal value. Can you determine the normal value by averaging market values. Is there a normal value for spring hats; eggs; domestic service; a first folio of Shakespeare? (D)

**37.** What are the important elements of cost in the production of the following: illuminating gas; raw cotton; anthracite coal; fine watches; railway transportation; grand opera? (D)

**38.** Among the demands of a tailors' union which must be lived up to if a strike is to be avoided are the following:

"No foreman, cutter or fitter shall be allowed to do the work of tailors or bushelmen."

"No employee shall be discharged after two weeks' trial without the consent of the union."

What is the justification for such demands?

**39.** "One of the glaring weaknesses of the present woman and child labor legislation is its utter lack of uniformity." Should such legislation be uniform throughout the United States? Give reasons for your answer.

**40.** In 1900 over 86% of all the foreign born population of the United States were found in the North Atlantic and North Central divisions. How do you account for this?

**41.** Are the following monopolists: (a) the owner of a copyright; (b) the owner of the best site on the lake front in Chicago; (c) a corporation manufacturing 80% of the steel rails sold in a country; (d) a corporation purchasing 80% of the steel rails sold in a country; (e) the United States post office; (f) the sole possessor of the secret of making glass flowers. (D)



42. "The Dutch East India Company used to destroy part of its spice crop to enhance its profits." What conditions were essential to make this policy a good one for the company? (D)

43. If a piece of land is better suited for growing apples than for peaches, are there conditions under which it will be used for peaches rather than apples?

44. "It is the privilege of the employee to leave our employ whenever he sees fit and it is the privilege of the employer to discharge any workman when he sees fit." How would labor unions regard this statement?

45. Profit sharing has been more successful in England and France than in the United States. Can you give any reasons for this fact?

46. What are the economic causes of the migration of peoples? Give illustrations.

47. "A Government monopoly is quite apt to be actually more oppressive than a private one, because it is so much more secure." Do you agree? Explain your answer.

48. Are the following money: (a) an individual's promissory note; (b) an individual's bank check; (c) a bank loan; (d) a Government bond; (e) a postal money order; (f) postage stamps; (g) a railroad mileage book; (h) a five-dollar bill issued by the Southern Confederacy; (i) an old Roman coin; (j) a bar of gold? (D)

49. "A savings bank accepts deposits." "During the panic of 1907, deposits in safety vaults greatly increased." "The deposits of the First National Bank exceed \$10,000,000." Of what should you expect the "deposits" to consist in each case? (D)

50. A, B, C, D, and E are banks constituting a clearing-house association. On a given day they present checks for clearing as follows:

Against . . . . .	A	B	C	D	E
By A . . . . .	\$15,250	\$19,400	\$10,325	\$10,150	
B 11,175 . . . . .		17,900	7,500	9,125	
C 20,750 . . . . .		18,100		14,075	12,175
D 9,250 . . . . .		8,475	13,325		7,100
E 9,325 . . . . .		7,650	9,175	10,525	

Find: (a) the total amounts due to and by each bank; (b) the balance due to or by each bank; (c) the percentage of checks settled by offset. In what different ways may the balances be settled? (D)

51. Will the increase in efficiency of all laborers in a certain field result in an increase in wages?

52. "The primary cause of the world-wide advance of prices since 1897 is the increase of the gold supply." — *Massachusetts Commission on Cost of Living, 1910*. Explain this statement and mention other causes of higher prices since 1897.

53. A reasonable estimate of the cost of mining and marketing anthracite coal in Philadelphia fixes the cost at \$4 per ton. How do you account for the fact that the consumer pays approximately double this amount for his coal?

54. Retail grocers make a much greater percentage of profit on coffee than on sugar. Can you explain why this can be done?

55. "In times of panic, the only sound policy for banks . . . is to lend freely." Why? Why has this policy been difficult to pursue previous to 1914? Why is it easier now? (D)

56. The successful business man expects to realize a profit on his business after setting aside from his gross profits, funds to provide for rent, interest, and depreciation charges. Has the laborer a right to expect a wage high enough to provide similar safeguards against sickness, old age, unemployment, etc., in addition to his regular living expenses? How high must such a wage be?

57. Which is better for building up an infant industry, a bounty system or a tariff system? Why?

58. By what process, if at all, should you expect the following to influence the general price level in United States: (a) Advertising; (b) the growth of the trusts; (c) increasing demands of trade unions; (d) extravagant purchases of automobiles; (e) increased output from South African gold mines; (f) wider use of deposit accounts by the French? (D)

59. What is the connection between the selling prices of the following articles: gasoline, benzine, kerosene, vaseline, and paraffin?

60. The debtor class, strong in the West, where there was much borrowing to develop unworked resources, in 1868 opposed a contraction of the stock of legal tender. Discuss this attitude of the debtor class.

61. In 1865 the legal tender outstanding amounted to \$433,000,000, \$145 of it exchanged for \$100 in gold. What was the general relation between the amount of legal tender and the rate of depreciation?

62. "Hundreds of millions of dollars are taken away from the United States each year by tourists, by returning immigrants, and to pay interest and dividends on our securities held abroad. How can a nation, any more than an individual, grow rich if it keeps on paying out more money than it takes in?" Criticize. (D)

63. "A country exports the things which are low in price within its borders." Does the United States export crushed stone, fresh vegetables, hay, copper? What implications are involved in the quoted statement? (D)

64. In what manner and through what process does the imposition of a protective tariff tend to affect (a) truck farmers; (b) other farmers; (c) the extent of employment? (D)

65. The "standard weight" of the gold dollar is to-day 25.8 grains. Has the "standard weight" always been the same? Discuss.

66. Early in 1861 cotton brought 14 cents a pound in Liverpool: at the end of the Civil War it sold for 50 cents in the same city. Discuss.

67. "The principle of protection is to build up our home industries by manufacturing our own products. This gives our people employment, keeps the money in the country, and makes this country an independent and self-reliant nation." Wherein are these arguments valid? Wherein invalid? Give your reasons. (D)

68. One million bales of Southern cotton were destroyed during the Civil War by the cotton planters. Was this destruction economic waste?

69. Both "free silver" and "free sugar" were demanded between 1890 and 1900. Give reasons for each demand.

70. Corn is produced on the hills of New Hampshire and the prairies of Iowa. What differences, if any, should you expect in the two places in (a) the price of corn of the same quality; (b) the cost of producing such corn; (c) the rents paid for the land employed in the cultivation of the corn? (D)

71. The price of coal in Italy, March, 1916, was \$50 per ton; under normal conditions it sells below \$10. Explain the variation in price.

72. What class of political thinkers would not agree with the implication in the phrase, "The Crime of '73"?

73. If interest is high so that enterprises are impeded would inflation of the currency cure the defect?

74. Under what conditions, if any, might an effective increase in educational facilities lower wages: (a) for certain individuals; (b) in general? (D)

75. The Welsbach burner was, through a patent, a source of large monopoly gains. Were these gains socially justifiable? Would you say the same of enhanced profits of a public service company resulting from the growth of the community? (D)

76. In 1873 the bullion in a silver dollar was worth 102¢. What effect had this value upon (a) the silversmith's trade; (b) the silver offered for coinage at the United States Mint?

77. Extreme men from both political parties, Republican and Democrat, began to secede from their parties in 1875 and openly advocated *fiat money*. What economic conditions occasioned this demand?

78. A has an income of \$20,000. It consists of:

- (a) Salary for his work as cashier of a bank . . . \$6,000
  - (b) Interest on some 5% bonds of a manufacturing company in his town. . . . . 3,000
  - (c) Dividends on stock of the same company paying 8% on their par value . . . . . 10,000
  - (d) Rent of a farm he owns. . . . . 1,000
- (A keeps in repair the house and barns on his farm)

Analyze A's income, showing what part should be called wages, what part rent, what part interest, and what part profits.

79. Compare the effects upon wages of extensive saving and lavish expenditure. When lavish expenditures are suddenly curtailed and the savings invested, what laborers, if any, are injured? benefited? (D)

80. In what stage of development is the business of a dressmaker who goes out by the day? Of the dressmaker who has her own establishment? The business of shirt-waist finishing by women in the tenements? The business of the Sorosis Shoe Co.?

81. Discuss the shoe industry, or the steel manufacturing industry, or the meat packing industry of the United States from the point of view of (a) division of labor in the manufacture of a single product; (b) the localization of the industry; (c) the form of ownership of the plants; (d) the extent of combination.

82. "I cannot understand the stress laid by economists on the necessity of checking the growth of population.

Every person born into the world brings with him not only a need for goods, but also the power to produce these goods."

Comment. (D)

83. The rate of German exchange declined greatly in 1916. If Germany was not seeking outside loans how do you account for this?

84. What is meant by the term, "City planning"? What significance for the consumer has this movement?

85. Give all the reasons why a city should spend part of its revenue in providing playgrounds and other recreation facilities for the people.

86. Find out how far the "City planning" movement has gone in your state and town.

87. Is a man justified in protesting against a limitation of the working day on the ground that he has a right to work as long as he wishes? (D)

88. Is it advisable to exempt the poorer classes (a) from all taxes; (b) from all direct taxes; (c) from taxes on incomes? (D)

89. Take as an example any industry with which you are familiar. Suppose you began as an individual owner in Massachusetts. (a) Show how you might develop your business into a corporation. (b) Show how the growth of business might result in your entering into all of the successive combinations, and explain the conditions which probably would have led you into each combination and the methods used in each case.

90. Suppose you have in your purse a gold piece, a silver dollar, a half dollar, some small change, a \$20 gold certificate, a \$5 U. S. note, a dollar bill, a \$5 bank note: how would you classify these different elements of your supply of currency? What gives value — *i.e.* purchasing power — to each class? Why do we have these different sorts of money? Could we reduce the number of varieties without crippling our monetary system? If so, what changes should you recommend?

**91.** Report of the condition of an American bank, June 4, 1913.

Bank building and fixtures .....	\$293,234.42
Stocks and bonds .....	645,478.90
Deposits .....	6,472,926.43
Circulation of its own notes .....	800,000.00
United States bonds and premiums.....	851,020.00
Surplus .....	600,000.00
Loans and discounts .....	5,534,983.27
Capital stock .....	800,000.00
Due from banks .....	988,006.41
Cash .....	586,918.00
Undivided profits .....	226,714.57

Make a statement showing resources and liabilities of the bank. Show the operation and the result of each of the following activities of the bank: (a) The bank discounts a note for \$10,000 for two months at 6%, making one fourth of the advance in cash, one fourth in notes on other banks and the balance in deposits. (b) The bank declares a dividend of 8%. One fourth of this is paid in cash and three fourths is credited to depositors.

**92.** What is "deposit currency?" Show by concrete illustration how the deposits of a bank originate and increase. What insurance does the law give to depositors in our National Banks that their claims will be paid upon demand?

**93.** If land values are capitalized rent how can the value of idle land be found?

**94.** Railroads spend large sums for palatial stations. What is the economic justification?

**95.** Why do locomotive engineers receive considerably higher wages than other railroad employees of equal skill?

**96.** How do you account for the fact that many National Banks have been changed to trust companies?

**97.** If a man buys a piece of land, keeps it five years, and then sells it at 25 % advance, has he made a good bargain?

**98.** A man buys a house for \$3000 and lets it to a tenant. Later he agrees to spend \$500 in improvements and the tenant agrees to pay ten per cent of the amount spent, every year as additional rent; also he agrees to remain in the house ten years. Shall the landlord consider that he will be paid back in ten years for the improvements, or that he has now made an additional investment of \$500 on which he is getting a yearly interest of 10 per cent?

**99.** In endeavoring to determine the income from a piece of real estate, which of the following expenditures would you consider additional investment and which would you subtract from the gross income to get the net income: taxes, repairs, depreciation, permanent improvements, additions, as piazzas or additional rooms?

**100.** In determining the cost value of an article ought a charge for the office expenses to be included, or should office expenses come out of gross profits?



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